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THE ECONOMIC,
SOCIAL AND CULTURAL
IMPACT OF TOURISM
ON SRI LANKA

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FOREWORD

In September, 1980, an International Workshop on Tourism was held in Manila, Philippines. Composed mostly of persons from the so-called Third World, the Workshop was able to identify a number of the areas of injustice which appear to be endemic to tourism — especially the tourism of the rich in the lands of the poor.

An ecumenical coalition of groups emerged from this workshop and they resolved to publish a series of national reports which would look at specific situations in more depth. The first of the countries selected for this research is Sri Lanka.

We were fortunate to have Father Derick Mendis as the author of this first study. A Jesuit priest with a background in economics, he brings his training to bear on the complex questions of the effects of tourism on a small Third World country. His account will be an excellent resource for those who are seeking more accurate information on the questions which are increasingly being asked about international tourism.

Groups concerned with the human development of their country are being asked to explore these questions, so we are very grateful that the Christian Workers' Fellowship in Sri Lanka has agreed to publish this study. We hope it will be well used by friends in Sri Lanka and around the world.

Ron O'Grady
Associate General Secretary,
Christian Conference of Asia,
Singapore.

THE ECONOMIC, SOCIAL AND CULTURAL IMPACT OF TOURISM ON SRI LANKA

Sri Lanka is lavishly endowed with many interesting features that make her an attractive country to visit. The physical environment with its warm sunshine, azure skies, golden palm-fringed beaches, emerald sea, varied natural scenery, tropical fauna and flora; the rich cultural heritage with its ancient historic buildings, temples, frescoes, religious pageants; forms of music and dancing, arts and crafts; the people described as intelligent, warm, friendly, hospitable, fun-loving and artistic — all these provide the ingredients which make Sri Lanka a fascinating country for visitors. She is variously described by her admirers and advertisers as exotic, resplendent, serene paradise, the pearl of the Indian Ocean, the land without sorrow, the isle of delight, Eden ringed by golden beaches and crowned with misted mountains.

Brief History of Tourism Development

Prior to 1965 tourism was not considered an important sector of our economy. True, we had the Ceylon Tourist Bureau, but we lacked high-quality hotel facilities, technical know-how of the travel trade, and a well planned marketing and promotion programme to attract tourists to the country.

In 1965 the Ceylon Hotel School was inaugurated to train hotel staff at four different levels — basic, intermediate, advanced and management.

The real impetus to tourism development came in 1966 when the Ceylon Tourist Board was established to encourage, promote and develop the travel trade and to provide adequate, efficient and attractive tourist services. In the same year, the Ceylon Hotels Corporation was created to establish, maintain and operate services for accommodation, refreshment, entertainment and transport of tourist.

In the following year, Messrs. Harris, Kerr, Forster & Company, an American firm of Hotel and Travel Consultants and Certified Public Accountants, based in Hawaii, and financed by US AID, made a feasibility study and drew up the 'Ceylon Tourism Plan' — a 10-year plan of development for the travel industry in Sri Lanka. The Tourism Development Act of 1968 provided for development of the Resort Areas and the setting up of the necessary infrastructure to help and encourage investment in the industry. It also provided for the introduction of regulations for the supervision, classification, inspection and control of tourist services.

The Ceylon Tourism Plan

This 10-year Tourism Plan with its photographs, maps, graphs and statistical tables is truly impressive. It provides valuable background in-

formation on Lanka's history, geography, culture and economy; data on world travel and domestic travel; it analyses accommodation, food, beverages, and entertainment facilities; it enumerates Lanka's attractions; proposes a facilities development plan and a public works programme; it makes architectural recommendations, outlines the role of the government, provides a marketing programme and a community-relations programme, and draws a bright and rosy picture of the potential income that would accrue to Sri Lanka from tourism.

Now that the decade has elapsed, we are in a position to compare the actual results with the Plan's projections.

Foreign Exchange Receipts

Foreign Exchange Receipts in US\$ 1000's			
Year	Estimate A	Actual B	% $\frac{B}{A} \times 100$
1967	6,100	1,211	20
1968	8,300	1,770	21
1969	11,100	2,862	26
1970	13,700	3,614	26
1971	17,700	3,408	19
1972	22,900	7,290	32
1973	29,500	12,818	43
1974	43,800	16,350	37
1975	48,700	22,246	46
1976	62,600	28,246	45

(Sources: A — Ceylon Tourism Plan)

(Sources: B — Ceylon Tourist Board)

As the table shows, the consultants have grossly over-estimated Lanka's foreign exchange receipts. In the first 5 years, our actual receipts were about 25% of the estimates, while in the next 5 years we have earned only 30 to 46% of the estimates. In no single year have we achieved as much as 50% of the projected foreign exchange earnings.

The number of Visitors

In this area too, the projections of the Plan have been far in excess of the

actual arrivals. In 1976, arrivals formed only 39% of the estimated figure.

Year	Total Number of Visitors			Visitors from N. America		
	Estimate A	Actual B	% $\frac{B}{A} \times 100$	Estimate A	Actual B	% $\frac{B}{A} \times 100$
1967	24,000	23,700	99	4,200	3,781	90
1968	32,800	28,300	86	7,100	4,029	57
1969	44,300	40,200	91	10,600	5,863	55
1970	56,000	46,200	83	13,800	5,826	42
1971	73,600	39,700	54	19,400	3,936	20
1972	97,000	56,000	58	27,000	4,814	18
1973	129,000	77,900	60	38,000	5,974	16
1974	171,500	85,000	50	53,000	6,271	12
1975	229,000	103,200	45	74,000	7,823	11
1976	307,000	119,000	39	104,000	7,685	7

(Sources: A — Ceylon Tourism Plan; B — Ceylon Tourist Board)

The chief reason for the miscalculation is that the planners had expected a phenomenal increase of visitors from North America, over the 10 years. As the table shows, in the last 5 years we have not received 20% of the estimated number of visitors. In 1976, the actual arrivals from North America were only 7% of the estimated figure.

The Ceylon Tourism Plan with its gross miscalculations should make Sri Lanka wary of importing foreign consultants and "experts" to advise us even in fields other than tourism. Fortunately the Tourism Plan was financed by US AID, but so often it is the tax-payers' hard-earned money that pays for such costly exercises.

Some Aspects of Tourism in Sri Lanka

Tourism in Sri Lanka is characterised by the following predominant features:

Remoteness of the Country

Despite all its attractive features, Sri Lanka is situated far away from the

tourist-generating centres of the world — as the following table shows:

Distances from Sri Lanka

U.K.	/ London	— 5,600 miles
U.S.	/ New York	— 9,200 miles
U.S.	/ San Francisco	— 9,400 miles
Western	/ Europe	— 5,000 miles
Japan	/ Tokyo	— 4,400 miles
Australia	/ Sydney	— 5,600 miles
S. Africa	/ Cape Town	— 5,000 miles

(Source: *Ceylon Tourism Plan*)

By virtue of Lanka's remoteness from these centres, the cost of transport is high in relation to the total cost of a tourist's holiday. This acts as a disincentive since tourists generally prefer to spend less on travel and have more funds for enjoying their holiday in the host country. Our remoteness is perhaps the main reason why we fail to attract the high spending type of tourist from distant North America.

Seasonality.

Tourism in Sri Lanka is markedly affected by seasonality. Most of our visitors arrive during the winter season in generating countries. So we have a "high season" from October to March and an "off season" from April to September.

SEASONAL VARIATION IN TRAFFIC FLOW 1975 — 1979

Seasonal Indices*

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1975	137	121	130	68	65	56	69	100	61	87	131	174
1976	158	153	135	90	61	46	43	35	68	107	137	166
1977	137	141	142	77	69	43	77	87	59	90	134	153
1978	144	140	128	72	55	44	82	97	64	89	129	155
1979	136	121	122	90	63	51	81	97	71	93	123	152

*Seasonal indices are compiled by taking average arrivals per month as 100
(Source: *Ceylon Tourist Board*)

Hotels find the off-season convenient for attending to repairs and maintenance work and for offering reduced rates to attract local visitors and lower-income-earning foreigners who cannot afford the normal winter rates.

Occupancy

The seasonal variation in tourist inflows are clearly reflected in the room occupancy rates.

OCCUPANCY RATES BY REGIONS 1975 — 1979

Regions	1975	1976	1977	1978	1979
Colombo — City	48.4	48.5	49.6	62.2	71.2
Colombo — Greater Colombo	38.8	43.4	47.4	47.8	57.8
South Coast	33.4	36.0	42.0	41.6	45.5
East Coast	24.0	18.3	30.3	45.3	41.7
High Country	16.2	18.7	26.3	31.2	29.5
Ancient Cities	32.7	30.3	33.9	40.6	45.3
Northern	17.5	17.6	16.7	17.1	16.7
ALL REGIONS	36.8	37.7	42.0	47.7	52.8

(Source: Ceylon Tourist Board)

The highest occupancy rates were achieved by the Colombo region, especially Colombo City. This is largely because the tourist hotels of the city attract businessmen who arrive at all seasons. It is encouraging to note that the average occupancy rate for all regions has been steadily increasing over the last 5 years.

Our Visitors

Most of our visitors come from Western Europe — especially from West Germany and France. Over 90% of them arrive by air. Of the visitors more than half are in the age group of 20 to 40 years, and about 60% are males. Over 90% of them come for pleasure. During the last 5 years there has been a steady increase in the average period of stay.

Lanka's Tourists			1975	1976	1977	1978	1979
(1) From where they come	Western Europe	%	59	61	68	67	65
	Other Countries	%	41	39	32	33	35
(2) How they come	By Air	%	93	94	94	93	90
	By Sea	%	7	6	6	7	10
(3) Their Sex	Male	%	60	61	59	61	63
	Female	%	40	39	41	39	37
(4) Predominant Age Group	20-40 years	%	58	58	58	54	56
(5) Why they come	For pleasure	%	91	89	94	92	91
	For Business etc	%	9	11	6	8	9
(6) How long they stay	Ave. Guest Nights	%	9.8	10.0	10.7	10.8	11.1

(Source: Ceylon Tourist Board)

THE ECONOMIC IMPACT OF TOURISM

TOURISM AND FOREIGN EXCHANGE

Gross Foreign Exchange Earnings and Growth Rate

The main economic significance of tourism lies in its potential for earning foreign exchange. Most developing countries earn their foreign exchange from the export of primary products which are subject to the vagaries of the world market. Often the unremunerative prices and violent price fluctuations are an obstacle to the planning and stability of our economy. It is not surprising that, Sri Lanka, like many other Third World countries, looks upon the rapid development of international tourism as a ready solution to her foreign exchange problems. The official gross foreign exchange receipts from tourism over the last decade show a remarkable increase from Rs. 21.5 million in 1970 to Rs. 1188 million in 1979 with an average annual growth rate of 56.2%. However, tourist

— earnings expressed in Lankan rupees is misleading, since during the decade under review, our rupee has been considerably devalued. The real value of tourist earnings is better reflected in terms of US Dollars and SDR (Special Drawing Rights) units. As shown in the table below, the average annual rate of growth which is 56.2% in terms of Lankan rupees, is 40.4% in terms of US Dollars, and only 36.4% in terms of SDR units. During the years 1978 and 1979 Sri Lanka has earned more from tourism than from minor agricultural exports and gem exports. Today tourism occupies the 4th place as a foreign exchange earner ranking after Tea, Rubber and Petroleum Products.

EARNINGS FROM TOURISM 1970 — 1979

	In Millions of		
	Rs.	US\$	SDR Units
1970	21.5	3.6	3.6
1971	20.3	3.4	3.4
1972	43.8	7.3	6.5
1973	79.5	12.8	10.4
1974	107.1	16.4	13.3
1975	157.1	22.4	18.6
1976	237.8	28.2	24.5
1977	363.1	40.0	34.8
1978	870.0	55.8	44.4
1979	1188.0	76.3	59.0
Ave. Annual Rate of Growth	56.2	40.4	36.4

(Source: Ceylon Tourist Board)

Tourism has thus evolved as an important non-traditional invisible export which has helped the country to increase its foreign exchange earnings and reduce its dependence on traditional commodity exports.

Net Foreign Exchange Earnings

While the record of gross foreign exchange earnings is very impressive, an objective evaluation of the economic impact of tourism should be more concerned with the *net* foreign exchange earnings. The question is, what is the net gain to the Balance of Payment, or to put it differently, in order to earn 100

units of foreign exchange from tourism, how many units of foreign exchange do we have to spend on goods and services provided to visitors? This net gain is what really matters, since this is the foreign exchange surplus available for use by the country.

The computation of *gross* foreign exchange earnings from tourism is itself so problematic that the figures of the Ceylon Tourist Board often differ from those of the Central Bank. More so is the computation of the net foreign exchange earnings which is a far more complex exercise since it involves a number of theoretical and practical problems.

In arriving at the net foreign exchange earnings, deductions have to be made from gross earnings for the foreign exchange costs of servicing tourism. These costs may be broadly classified as follows:

Current or Recurrent Costs

These include imported food, beverages, tobacco, fuel, expenditure abroad on advertising, publicity and sales promotion; commissions paid to travel agents and tour operators abroad, maintenance costs of tourist offices abroad, servicing of foreign debts, management fees paid to foreign organizations, foreign travel of locals engaged in the tourist industry; payments to foreign consultants, architects and interior decorators, outflows of funds on account of interest, dividends, and capital repatriation on foreign investments in tourism.

Capital or Non-Recurrent Costs

Infra-Structure Development — This includes the foreign exchange costs of providing roads, railways, sea ports, air-ports, electricity, water service, telecommunications, sewage disposal etc.

Hotel Accommodation — This includes the foreign exchange costs of constructing hotels, motels, restaurants, rest houses; and purchasing lifts, air conditioning plant, furniture and fittings, kitchen equipment, bathroom fittings, electrical equipment, crockery, cutlery, linen etc.

Transport Equipment — This includes the foreign exchange cost of purchasing planes and helicopters, tourist buses, limousines and railway coaches.

In the case of both current and capital costs, the ascertainment of the import content or foreign exchange component is a formidable task. As for capital items, the proper deduction from the gross foreign exchange earnings each year is the annual depreciation attributable to the foreign exchange component of the assets, and this would depend on the cost and estimated life-span of each asset. The complexity of the calculation involved and the paucity of available information make the accurate computation of net foreign exchange earnings from tourism an almost impossible exercise. The Ceylon Tourist Board claim that they have "encouraged the use of indigenous materials and even in the big

hotels, as much as 85% of the materials used are locally produced. Only electrical equipment, central air-conditioning units and sophisticated kitchen and lift equipment are allowed to be imported. Even the carpets are largely locally made.¹ But as a Central Bank economist points out, even locally manufactured goods used in the tourist industry have a high import content. "For instance, the import content of locally made carpets is about 90% because the wool, thread and dye have to be imported."² We must concede that the capital and current costs of bigger hotels have a higher import content than smaller hotels. Also the present state of our economy which is predominantly agricultural, compels us to import a considerable amount of materials and equipment used by the various sectors of the tourist industry. According to the Ceylon Tourist Board, Lanka's net foreign exchange earnings from tourism is estimated at 78% of the gross earnings.³ The Ceylon Tourism Plan in its projections of tourist earnings for the decade 1967 to 1976 shows a more modest average of 68% of gross.⁴ A study done by a Central Bank researcher computes the net foreign exchange earnings from tourism at 59% of gross. He concludes, "thus the available evidence suggests that the net contribution of tourism to the balance of payments in Sri Lanka is not as high as it is popularly believed to be".⁵ The computation of the Central Bank seems more acceptable than that of the Tourist Board which, after all, has a vested interest in tourism.

TOURISM AND EMPLOYMENT

Volume of Employment and Growth Rate

Tourism is said to be a highly labour-intensive service industry providing much needed jobs in developing countries like Sri Lanka where the rate of unemployment is high. The tourist industry generates a variety of employment opportunities in diverse fields. Direct employment in the servicing sectors include jobs in hotels and restaurants — receptionists, waiters, room-boys, cooks, laundrymen, gardeners, maintenance staff, store-keepers, clerks; jobs in travel agencies, tourist shops, sports and recreational establishments. Indirect employment is created in the supplying sectors like handicrafts, jewellery, batiks, curios and souvenirs, food and beverages. The total volume of employment generated by tourism in 1979 is shown below:

Direct Employment	— Servicing Sectors	—	18,472	43%
Indirect Employment	— Supplying Sectors	—	24,937	57%
Total employment in tourism		—	<u>43,409</u>	<u>100%</u>

The growth rate of direct employment in the period 1976 — 1977 is an impressive 57% (Source: Ceylon Tourist Board).

However, when we speak of employment in the tourism sector it must be remembered that even the direct employment is affected by the seasonality of tourism. This is especially so in the case of tourist hotels which employ temporary or casual workers during the season and terminate their services in the off-season. A recent survey of the accommodation sector made by a Central Bank official brings this fact into sharp focus.

Direct Employment in 43 Hotels — 1977/78

	Total	Permanent	Temporary
City Hotels	2,225	1,912	313
Beach Hotels	1,919	1,341	578
Other Approved Hotels	903	814	89
Guest Houses	237	183	54
	<u>5,284</u>	<u>4,250</u>	<u>1,034</u>

(Source: *The Commercial Profitability of Tourism* — M.A. Gamage)

The figures indicate that 20% of the employees in the hotel industry are hired on a temporary basis. These casual workers are employed on a "contract" basis or a daily wage-rate. They often get only a percentage of the service-charge paid to permanent employees and they join the ranks of the unemployed for half the year. This is a standard feature of hotel employment.

Capital Employment Ratio

While the figures of total employment and rate of growth are encouraging and commendable, an evaluation of the cost-benefit aspect of employment must examine the capital-employment ratio in the tourist sector. Champions of tourism often claim that tourism is a highly labour intensive industry — one which generates a large number of jobs for a relatively small investment. In 1977 the investment per unit of direct employment in the tourist sector was estimated by the Ceylon Tourist Board to be Rs: 43,000 which "compares well with most of the modern manufacturing industries."⁶ A recent study made by a Central Bank economist shows that the investment per job in the tourist sector is as follows:

City Hotels	— Rs: 120,000
Beach Hotels	— Rs: 45,000
Other Approved Hotels	— Rs: 28,000
Guest Houses	— Rs: 21,000
Travel Agencies	— Rs: 109,000

His computation of the average capital outlay per direct employee in the tourist sector works out to Rs. 78,000.⁷ today, with the high cost of cement and other building materials, and with the increase in wages of masons, carpenters and skilled construction workers, the cost of building a hotel room would be at least three times as much as the construction cost of a similar room a decade ago. Thus in the accommodation sector the Capital: Employment ratio at current costs would be much higher than the earlier computations. According to a People's Bank economist in Sri Lanka the investment per employee in large scale industry is Rs: 50,000 and in really small scale industry is Rs: 2,500.⁸ In the light of this data, it is evident that the investment per job in the tourist sector is quite high and so tourism cannot be considered to be a truly labour-intensive industry.

Reward and Incentives for Work

There is today a heavy demand for jobs in hotels and restaurants, which account for about two-thirds of the total employment in the tourist industry. Hotel jobs are remunerative not on account of the salaries and wages which are relatively low, but on account of the service-charge, tips and occasional gifts given by tourists. This is what makes hotel jobs glamorous and attractive and draws even upper middle-class recruits to service jobs that would be considered "menial" or low prestige, servant-type jobs in Lanka's traditional social system. In the bigger hotels it is not uncommon for unskilled and semi-skilled workers like gardeners, bell-boys, taxi drivers and kitchen-helps to earn a four-figure income especially during the high season. This helps to promote a healthy sense of dignity of labour and a trend towards egalitarianism by undermining class differences based on income. However, when uneducated, unskilled labourers earn higher incomes than skilled and qualified professionals, then the entire system of rewards and incentives for work within the country is called into question. "A society that pays more to a servant pandering to the whims and fancies of foreigners than to its skilled professionals, has obviously got its priorities wrong."⁹ This statement may sound elitist, but it has a point.

TOURISM AND GROSS DOMESTIC PRODUCT (GDP)

Tourism contributes to National Income (GDP) directly through tourist expenditure and indirectly through the operation of the "multiplier effect". Although tourism's contribution to the GDP is quite small (only .71% in 1977) the growth rate over the past years has been truly phenomenal. "The tourist industry has shown a remarkable rate of growth during the period 1967 — 1968. In terms of the contribution to the GNP of the economy the annual average rate of growth was around 32% which is unparalleled in the history of this country and unmatched by the performance of any other sector."¹⁰

The Multiplier Effect

Apart from the tourists' direct expenditure in Sri Lanka, one must consider the multiplier effect of this expenditure which permeates into the economy at various levels in various sectors. The multiplier effect is a valuable tool for measuring the number of times the direct tourist expenditure "turns over", or is re-spent with a resultant accretion to the GDP of the country. According to the Ceylon Tourism Plan, "the multiplier effect of this expenditure can be three or more times depending upon the leakage (money spent on imports or going out of the economy for other reasons)"¹⁴ This seems to be an unduly optimistic assumption. The Ceylon Tourist Board more modestly estimates the multiplier effect to be in the region of 1 : 1.35¹² However, the multiplier effect itself and its use in assessing the impact of tourism in developing countries, has been subject to heavy criticism.¹³ The multiplier effect does operate favourably in developed countries which produce a disposable surplus, but in developing countries like Sri Lanka where resources were scarce and even essential commodities are imported, the multiplier effect is slight and leads to a transfer of resources from the needier sectors of our economy.

TOURISM AND GOVERNMENT REVENUE

Tourism contributes to the Government coffers by way of direct and indirect taxes and rates. Business Turnover Tax (BTT), Income Tax, indirect taxes on inputs and outputs, import duties, local government rates, embarkation tax, entrance fees charged by national parks, botanical and zoological gardens, make tourism an important source of revenue to the Central and Local government authorities.

Contribution to Government Revenue 1976/77 (In Rs: Millions)

Business Turnover Tax:

Tourist Hotels	19.0	
Travel Agencies	<u>8.3</u>	27.3
Embarkation Tax		3.8
Entrance Fees to Zoo, Parks, Botanical Gardens		<u>1.2</u>
		<u>32.3</u>

(Source: Ceylon Tourist Board)

TOURISM AND REGIONAL ECONOMIC DEVELOPMENT

Tourism can help in the regional dispersal of economic development. In Sri Lanka where most of the non-agricultural production is confined to the Western Province and about 90% of the industrial production is concentrated in and around Colombo, the growth of tourism can help to diminish the regional disequilibrium in development. A Ceylon Tourist Board spokesman states, "In planning tourist resorts we avoided building in highly concentrated urban areas with resulting pressures on the economy and society and instead opened up hotel complexes in under-developed areas which could benefit the local population. Sleepy, dormant villages in remote inaccessible parts of the country were opened to new forces — new areas of employment, modern roads and other public facilities led to greater economic prosperity in those regions. The regional dispersal of tourist development has a tangible beneficial effect on the rural economies."¹⁴ This glowing account is more an expression of hope than of reality. Let us examine the true state of affairs. Any production enterprise, be it a factory, farm or hotel, is linked to its environment through its inputs and outputs. In the case of tourist hotels, the output impulses are irrelevant to the surrounding village economies, since they are absorbed by the foreign tourists and the local affluent elite. Thus the only potential links are the inputs of labour and materials which the hotels must procure from the neighbouring villages if the rural economies are to benefit. But this does not happen. As for labour it is well known that hotels prefer to employ English-speaking recruits from Colombo schools rather than Sinhala and Tamil-speaking youth from village schools. The latter are often shy and timid. They lack the grace, charm, and poise which hotels look for. So a fortunate few are engaged as gardeners and kitchen-helpers and they form only a small proportion of the hotel work-force. As for materials, village produce such as vegetables, fruits, fish and eggs are purchased by hotel suppliers — mudalalis and middlemen who wedge themselves between the hotels and the producers earn high profits. A study made by the German Institute of Development reveals that the impact of international tourism is minimal due to the small size of the production units, the atomisation of the demand impulses and the seasonality of tourism. Thus the assertion that "sleepy dormant villages" are "led to greater economic prosperity" by the regional effects of tourism is largely a myth.

TOURISM AND ECONOMIC DIVERSIFICATION

Tourism has helped to promote economic diversification and reduce our over-dependence on a few sectors. Tourist purchases have created a demand and

provided a growth stimulus to several industries like batiks, masks, lace, handicrafts and souvenirs, gem and jewellery. That tourism has surely helped to make these industries profitable ventures is evident from the vast proliferation of these industries, especially in resort areas. The chief beneficiaries of these enterprises, however, are the owners of the factories and shops. The workers and craftsmen are poorly paid while the proprietors make enormous profits.

Having examined and discussed the economic benefits of tourism, let us consider the harmful economic effects of tourism on Sri Lanka.

TOURISM AND ECONOMIC DEPENDENCE

Perhaps the greatest drawback in international tourism is that it makes our already dependent economy yet more dependent. Viewed from a global angle, international tourism is a luxury industry which caters to the wealthy who have surplus funds to spend on exotic holidays in distant lands. The general flow of tourists is from the affluent industrialised countries to the poorer third world countries. The affluence of the former is based upon the exploitation of the latter and this exploitative system must continue if tourism is to be successful in our countries.

Another factor that has helped the growth of international tourism is that Third World labour has been drawn into the industrialised countries to fill the lower rungs of their workforce, thereby freeing them of menial jobs and enabling them to climb up the income and class ladder, and join the ranks of tourists. It sounds paradoxical but it is nevertheless true that if we wish to increase the flow of tourists we must help to perpetuate the present system of economic exploitation and widen the economic disparities between rich and poor countries.

Although Sri Lanka gained her political independence in 1948, in the economic sphere we are still very much a dependent colony. Our primary products — tea, rubber, coconuts—fetch in the world market, prices which are dismally low, and we have to purchase our essential commodities, industrial raw-materials and capital goods for industry and agriculture at exorbitant prices. In the world market dominated and manipulated by the affluent industrial countries, a small colony like Sri Lanka has no bargaining power for buying or for selling. So we remain a dependent economy — ever dependent on the rich and powerful nations who dictate to us the prices at which we must sell what we produce and buy what we need.

In the game of international tourism the picture is no different since the countries of tourist origin hold all the trumps. They have our potential clients, they own the tour companies which advertise and "sell" Sri Lanka and attract our

tourists, they organise the charter flights and package tours, they decide on the hotels to occupy, places to see and things to do in Sri Lanka, they own the aircraft to transport our tourists.

The two main areas which account for the bulk of tourist expenditure are tour sales and tourist air transport and we remain largely cut off from these two areas. The main beneficiaries of Sri Lanka tourism, therefore, are the developed countries of tourist origin. A German Development Institute study headed by D. Radke has shown that of the charter tourist expenditure in 1972 a good 54% went to the countries of tourist origin and only 46% came to Sri Lanka. When deductions were made for the foreign exchange costs of servicing tourism, he estimated that Lanka's share in the total expenditure was reduced from 46% to 23%. This is not surprising since Sri Lanka suffers from certain disadvantages.

In the first place, due to our remoteness, the cost of transport accounts for a large part of the total cost of the holiday. Most of our tourists are transported by foreign air carriers who siphon off their share. Secondly, we are not able to take over and manage the highly competitive and expensive business of selling tours. This requires sophisticated techniques of publicity and sales promotion. Some of the leading tour companies which bring tourists to Lanka are Neckermann, Hotelplan, Adac, Tjaereborg, Touropa Scharnow, Kuoni, Vingressor, Wings and Air Tour Suisse. Many of them are powerful multinational Corporations which profitably control and manipulate the tourist market in this countries. Their bargaining power is so strong that they are able to retain a large proportion of tourist revenue and demand very low prices for services supplied by the local tourist industry in developing countries.

Their representatives — the tour guides in the host countries enjoy free hotel accommodation and board, commissions from tourist shops when their clients purchase gems, batiks or handicrafts, and a host of other perks and privileges.

Profiting from tourism is one thing but what is alarming is the ability of these multi-national tour companies to manipulate the tourist market and transfer their clients from country to country. J. Bugnicourt cites the example of Tunisia which objected to Neckermann's proposal to raise certain rates in order to increase their profit-margin. The outcome of this objection was a sudden decrease in the number of tourists sent by Neckermann to Tunisia, from 60,000 in 1972 to 12,000 in 1973.¹⁵

From the point of view of economic dependence, tourism is worse than tea, our main export. "Tea is a commodity for which a taste and hence a market have been built up over centuries, consequently it is difficult for customers to switch overnight from one beverage to another, say for example, from tea to coffee. Product loyalty is high. But in the case of tourism tastes are not nurtured over such a long period; in fact, tourism in its search for the new and exciting is built

up on relatively ephemeral loyalties. Therefore, tourists can be convinced by tour companies to switch from one country to another without much difficulty."¹⁶ Thus it is clear that the development of international tourism is in fact a step backward along our path towards economic self-reliance.

TOURISM AND RESOURCE DIVERSIFICATION

Goods and Services

Tourism in Sri Lanka causes a diversion of scarce resources from more essential sectors. The champions of tourism stress the importance of tourism's foreign exchange contribution in our efforts to develop our economy and provide for the needs of our people. Tourism development involves the provision of infrastructure facilities, goods and services which when translated into physical terms, mean the provision of food, beverages, lodging, transport and recreation for visitors. These items of consumption are what we wish to provide for our own people, and are in fact the end products of our development efforts. Thus tourism means the diversion of much needed scarce resources from our people's needs to visitors' consumption. This transfer of resources takes place in every sphere of economic activity associated with tourism. Some of the glaring examples are:

Food — Lobsters, crabs, prawns, fish, meat, eggs, vegetables etc., are available for tourists, not enough for our people.

Water — It is estimated that the average consumption per tourist is more than 10 times that of a Colombo resident.

Building Materials — Used lavishly for hotel-construction, but scarce for house-construction.

Transport — Ceylon Transport Board buses are packed like sardines while tourist buses and coaches go half-empty.

Electricity — One small hotel has more electric lights than an entire village in many areas.

Land — Taken up by hotel complexes especially in beach-resorts denies access to traditional economic pursuits like fishing. In areas like Hikkaduwa and Beruwala our local fishermen have been edged out.

Truly, "The tourist industry appropriates the best scenic spots, the best buildings, the best food, the best materials, for foreigners."¹⁷ By diverting our scarce resources to a high-consuming elite, we are merely postponing the provision of basic essentials to our people and pushing up the prices of commodities well beyond the reach of the vast majority of our people.

Finance and Credit

If economic self-reliance is considered a top priority in Sri Lanka, we must provide sufficient finance to credit-starved sectors like Agriculture, Fisheries and small-scale agro-based Industries. But our financial institutions like the Development Finance Corporation of Ceylon and the Commercial Banks more readily provide credit to the tourist industry which makes us more of a dependent economy. A recent study reveals that as much as 54% of the total capital of tourist enterprises consist of long-term loan capital.¹⁸

Such distortions in the disbursements of credit may be justified in helping an infant tourist industry stand on its feet. But today, the country's scarce financial resources must be diverted into other areas which would yield greater socio-economic benefits and a more equitable distribution of income.

TOURISM AND THE EXCHANGE RATE

Sri Lanka, like most other host countries of the Third World, is in the preposterous position of subsidising the low-cost holidays of the affluent industrial countries. From 1967 onwards the exchange rate has been progressively moving in favour of tourists. In 1967 (May/June) one US Dollar exchanged at Rs. 4/76, while today (August 1980) the US Dollar exchanges at Rs. 16/80. By depreciating our rupee we are subsidising holidays in Sri Lanka for foreigners and making foreign travel and stay abroad exorbitant for ourselves. We make it easy for a lower-middle-class foreigner to enjoy a first-class holiday in Lanka, while making it difficult for a rich Sri Lankan to have a third-class holiday abroad.

TOURISM AND FISCAL INCENTIVES

Sri Lanka promotes tourism by making it cheap for visitors through the exchange-rate and profitable for investors through fiscal incentives. The subsidies and concessions given to the tourist industry include a 5-year tax holiday on construction and operation of tourist hotels, with a tax rate reduced by 50% for 15 years after the 5-year tax holiday, lump-sum depreciation and development rebates by way of capital allowances, investment relief, income tax exemptions granted to foreign experts and executives and on profits arising to foreign contractors from the construction of tourist hotels. Very recently a further package of tax incentives has been made available to investors on tourist projects. The package includes a 10-year tax holiday to public companies with a subscribed share capital of not less than Rs. 100 million and which commences the operation of a tourist hotel on or after 15th November 1979; a 5-year tax

holiday for new hotels and a proportionate 5-year tax holiday to existing hotels that construct additional bed-rooms after the same date. Approved projects are also entitled to special customs duty concessions for the import of items for the construction and equipment of hotels. All these liberal concessions have made tourism the pampered sector of our economy, created distortions in the pattern of investment in the country and by yielding a high rate of return to investors, have widened the disparities in income distribution. The latest fiscal incentives offer an open invitation and a warm welcome to powerful multinational hoteliers to invest in Sri Lanka. Within the next few years we shall witness an unprecedented spate of hotel construction with 750 rooms by Hilton, 500 rooms by Sheraton, 500 rooms by Taj, 234 rooms by President, 200 rooms by Triton with sizeable extensions to existing hotels and even a 270 room floating hotel. We are in for a veritable room-boom, thanks to the largesse of our Government which offers such irresistibly attractive terms to investors. One wonders whether such factors as costly infra-structure expenditure and the social costs and dis-benefits to our own people have been adequately considered when granting approval to these hotel projects.

TOURISM AND DOMESTIC PRICE-LEVEL

The tourist industry is often blamed for price increases — especially of certain food items like lobsters, prawns, fish and eggs. In all fairness it must be admitted that a comparison of total tourist consumption with the total production/exports of these items shows that tourism's impact on their prices is not heavy. The number of tourist arrivals in relation to Sri Lanka's population, and the size of the tourist sector in relation to Lanka's Gross Domestic Product are such that tourism, despite its rapid growth, does not have a significant impact on the price-level of consumer goods. However, in the case of land, especially in the resort areas, tourism is surely responsible for pushing up prices to unrealistic and artificial levels. Land prices in some resort areas have shot up ten-fold and even twenty-fold or more, over the last decade. Our people are finding it hard enough to cope with the rising level of domestic prices due to inflation. The unbridled expansion of tourism will push the price-level further upwards, inflicting undue hardships on our people. Thus, it is the duty of the Government to regulate the tourist industry and keep it within manageable proportions.

THE SOCIAL AND CULTURAL IMPACT

An overall assessment of tourism should take into account the cost and

benefits not only in the economic sphere but also in the social and cultural spheres. In the latter area we run into difficulties since the cost-benefit factors are not quantifiable. Thus any assessment would be based largely on subjective factors which reflect our own perceptions, interests, values and priorities. Consequently, this area of evaluation is a fertile field for controversy. Let us examine what is said in favour of tourism and against it.

Tourism promotes Peace?

Tourism is often acclaimed as a powerful agent for peace. In the words of our Minister for Tourism, "An international movement of people respecting and appreciating the culture and ways of other people, could play a significant role for peace in the world. Wars are caused by people who have not seen the people they want to fight" (Ceylon Daily News, 16.7.80). But the fact is that most tourists are more interested in viewing picturesque scenery and famous monuments, in taking photographs and buying souvenirs, in sea-bathing and acquiring a sun-tan, than in entering into contact with the heart of a living culture.

"Culture, tradition, history they cannot see.

A Temple is a rubble of stones —

the backdrop of an auto-biographical photo.

A nation no more that a set of postcards.

Nuances of custom, feature & place do not exist.

If the face behind the counter was smiling . . .

If the price of local merchandise was right . . .

the country was 'a wonderful experience!'

A Duty Free Shop looms larger than a Civil War!"

(Cecil Rajendra, "Tourists", Refugees & Other Despairs, p. 27)

In certain countries with a colonial background, tourism could even be instrumental in fostering social unrest. A coloured people, now independent, after long years of domination and exploitation by the white man, tend to resent having to wait on the white man who returns to their country in the guise of a tourist. Such feelings of resentment are becoming more and more evident in certain Caribbean countries like Bermuda and the Virgin Islands.

Tourism — Patron of the Arts?

There are some who hail tourism as the modern patron of Lanka's arts. Says one spokesman of the Tourist Board, "Today, thovil ceremonies, Sinhala dances and dramas, gokkola decorations, puppetry and all those languishing arts and artists have been revived because of tourism."¹⁹

It is true that most artists would prefer to perform before a tourist audience than to a local audience for the simple reason that they find it more lucrative.

After all, the tourist dollar is far more attractive than the Lankan rupee. But in so doing, what often happens is a vulgarisation or prostitution of our culture. Traditional village dances and ceremonies full of meaning and expression have evolved over centuries in a certain socio-cultural or socio-religious context. But when they are uprooted from their traditional setting, 'tailor-made' and 'staged' to accommodate the tourist situation, in a pre-packaged contextual void, these art-forms become commercialised, trivialised, warped and stunted. Even our skilled craftsmen, in their quest for easy money, abandon their traditional labours of love in favour of the quick and the crude. Thus tourism which is said to give a filip to our arts and crafts, tends to dry up the very fountains of creativity that inspired and nurtured them in the past.

Tourism Fosters Cultural Exchange?

Cultural exchange is a two-way street, a transaction comprising what we give and what we receive. There is the impact of our culture on the visitors and the impact of their culture on us.

What we offer: Easily digestible, highly adulterated goblets of culture, cheap and superficial limitations of our genuine art-forms are what we often present to our visitors.

What we receive: The impact of the tourists' culture on our people is evident from the numerous reports that appear in our newspapers.

Nudism

Topless sun-bathing and nude bathing are common place in many resort areas and popular beaches. Recently two female tourists were fined by the Trincomalee Magistrate on a charge of nudism (Davasa, 3.5.80). In a village off Hikkaduwa, a tourist youth who was having a nude bath at a well, was admonished by an elderly local woman. He returned the next day and while he was bathing nude, the old lady burnt some part of his anatomy with a firebrand. He fled naked and the villagers threw stones at him (Davasa, 9.1.80).

Prostitution

Prostitution has become rampant in tourist resorts. According to a recent news-item, certain travel agents offer girls as 'tour guides'. Four days on the East Coast with a 'guide' costs 300 — 400 dollars, four days in the Maldives with an 'escort' costs 600 dollars plus her air-fare, local film-stars are available at 100 dollars for a 4-hour session, while a saree-clad partner for dancing, dining and room-sharing till dawn costs only 200 dollars. (Sunday Observer, 6.7.80).

Homosexuality

Newspapers report that there is a rapid proliferation of male prostitution in Colombo and the tourist resorts. A case-study of Hikkaduwa by Mrs. Lakshmi

Perera reveals that there are hotels in the area that are "popularly known to cater to homosexuals — a group common among middle-class European tourists". A recent news-item bears the caption "Pansies cause concern to authorities". It goes on to say that Sri Lanka figures high as an easy and cheap source of young boys. It is believed that there are more than 1000 teenagers in Colombo who have gone in for male prostitution. They sell themselves to foreigners for 2 dollars (Sunday Observer, 13.7.80). A Sinhala newspaper speaks of widespread homosexuality in Mount Lavinia, Galle Face and Hikkaduwa. Schoolboys of 14 — 17 years take to homosexuality in order to earn pocket money. Boys with lipstick and pink-powdered cheeks, sometimes dressed in female attire are able to earn over Rs. 300 in one day (Tharuni 24.7.80).

Narcotics

It is known that tourism is largely responsible for the recent increase in the use of narcotics in Sri Lanka. Certain drug-taking tourists claim that narcotics help to expand the mind and facilitate meditation. Even some schoolchildren consider narcotics the "in thing" today. According to the Customs Department, the smuggling of narcotics is on the increase and the worst offenders are the hippie-type of tourists who arrive via Talaimannar. "During the last two months, 45 tourists in Hikkaduwa and other resorts have been caught by the Narcotics Bureau of the Police." (Davasa 5.3.80).

In the so-called cultural exchange brought about by tourism, it is indeed a tragedy that what is exchanged is often the worst aspects of culture on both sides. What appears in the newspapers is but a fraction of what goes on, it is only the visible part of the iceberg. Many Lankans are perturbed at the harmful effects of tourism on their culture. "Sri Lanka's culture is being ruined by tourists who display a woeful ignorance of our mores. Nudism and promiscuity, prostitution and homosexuality, husbands selling their wives, parents selling their children, cause irreparable damage to our society. The complex social problems created by such evils cannot be solved by money, by law, or even by force of arms". (Tharuni 13.3.80).

Tourism helps to make Sri Lanka better known?

Sri Lanka is just a tiny little island which is not well known in other parts of the world. There are many foreigners who think that Sri Lanka is part of India or that it is a large tea-garden. Tourist advertising and sales promotion help to make Sri Lanka better known around the globe. So the argument goes.

Let us examine the wrapping in which Sri Lanka is sold to potential tourists. She is advertised as the 'resplendent pearl of the Indian Ocean', the 'charming tropical island with beautiful natural scenery', the 'sunny, serene paradise'. What sells best and hence what is pushed hardest is the exotic imagery.

The artificial image projected by the tourist industry contrasts sharply with

the harsh reality of a poor third-world country groping and struggling along the path of development. The same unreal image of Lanka is also projected to the local clientele, and this is certainly harmful. The affluent local elite that internalise this false image tend to acquire an unreal, distorted view of the local situation and local problems, and even change their attitudes and behaviour towards their own people.

Tourism and the "Demonstration Effect"

The high consumption patterns of affluent tourists and the image they project of an easy going, comfortable life, do have a profound impact on the local people. The tourist unwittingly becomes a trend-setter who shows our people the 'in' things and the 'done' things. This impact is referred to as the 'demonstration effect'. Very few Lankans could afford to patronise local tourist hotels since the tariffs are prohibitive. The accommodation charges for one day in a large hotel is more than the monthly wage earned by the average Lankan worker. Yet there are rich local residents who patronise tourist hotels for birthday celebrations, week-end outings with friends and families, or to wine, dine and dance. There is also the local jet-set, the globe-trotting elite of bureaucrats, technocrats and business magnates who, when they go abroad, follow the example of high-spending tourists, and freely patronise five-star hotels without qualm or scruple, unmindful of the fact that such extravagance is denied to over 99 per cent of their countrymen.

Tourists with their cameras, binoculars and cassette tape-recorders, tend to create a preference for foreign goods among those who see them and are impressed. Even our rustic village youths who were not formerly exposed to such baubles, now hanker after them. The adjective 'tourist' soon becomes synonymous with 'fashionable' and 'glamorous' and is frequently employed as a sales gimmick to attract local clients. The curio-shop is named a tourist shop; the hiring-car, a tourist car; and the wayside motel, a tourist inn. As a result, our local residents in their desire to ape the foreigners, get lured into high consumption patterns that are far beyond their means.

Tourism — A new kind of Colonialism

A close look at the tourist industry reveals strong parallels with the colonial structures of the past. A predominant feature of the colonial era was the glaring disparity that existed between the ruling class of whites and the rest of the people. The former lived in palatial city mansions and estate bungalows located in the most picturesque spots, they had their exclusive clubs for recreation and entertainment, and they separated themselves from the 'natives' by erecting invisible barriers of class. Similarly, the tourist hotels of today are located in the most scenic areas and are separated from the rest of the country by their high

tariffs, and in resort areas by real, high walls.

These walled-off enclaves make one reminiscent of the forts and fortresses of old. This separation is further accentuated by the presence of uniformed security-guards and tourist policemen. Tourism has thus helped to re-create islands of affluence and exclusivity amidst a sea of poverty, a prominent feature of the bygone colonial era.

In a sense, we are compelled to create these tourist enclaves since we are obliged to fulfil the expectations of our visitors who come here to sample a taste of paradise. We must make it possible for them to enjoy the sun and the sea and relax in peaceful, tranquil surroundings, oblivious of the poverty around them. If we do not insulate them from the stark miseries of our country, they may perhaps be nauseated or conscience-stricken, and not visit us again. Hence the strenuous efforts at window-dressing, camouflaging the hell-holes of squalor that blot the landscape, and sweeping the dirt under the carpet, take the form of rounding up beggars, keeping the cities clean, and planting colourful flowers on our roundabouts. We cover up the festering sores with bright raiment and present to our visitors a cheerful, smiling Lanka who in reality is nothing but a sick and anaemic lady with a painted face.

Tourism Encourages Beggary and Servility

On the streets one commonly sees ragged beggars and children following tourists wherever they go. Children who should be in school play truant, and trail tourists with pleading eyes and outstretched palms — a revolting and disgusting sight to any self-respecting Sri Lankan. The lure of easy money and gifts of ball-point pens, chewing gum, cigarette-lighters and T-shirts, is too hard to resist. Some of the smarter children even use bits and pieces of foreign languages in order to win the hearts of tourists and get some extra throw-away. Beggary which used to be such a tedious and unremunerative occupation has today become a profitable profession that draws more and more people, thanks to tourism.

In tourist hotels the staff are trained in the arts of service. They must wear a smile at all times and show deference to the guest who is always right. English-speaking boys from reputed Colombo schools are employed as waiters and room-boys by some resort hotels where the uniform is the sarong and unshod feet. Their female counterparts, the waitresses and room-maids, also work barefooted in cloth and jacket. Such a uniform plays a dual role — it helps to reinforce the servant mentality and also project the image of something exotic and 'native'.

Local visitors to tourist hotels often complain of poor service, of discrimination based on skin colour. "Worst of all, what gets under one's skin at many a tourist resort is the indifferent treatment a Sri Lankan receives at most places in comparison to the treatment offered to the foreign tourist, though the

charges are the same for accommodation and food for foreigner and Sri Lankan alike" (Ceylon Daily News, 7.6.80). Some fear that the attitude of servility fostered by the expectation of tips would some day make us a "nation of butlers".

Tourism and the Antique Drain

Tourism is to a great extent responsible for the loss of Lanka's antiques and cultural goods. The steep, fancy prices offered by high-spending tourists and collectors make illegal trafficking in antiques a highly lucrative business. The most serious losses occur in such antiques as bronzes and brassware, old plate and glass, furniture and carved woodwork, ivory carvings, coins, old jewellery and palm-leaf manuscripts. Many of these items are small and they could be easily smuggled out of the country in a tourist's hand-luggage. The vendors and curio-shops that sell these items, often belong to well-organised rings of collectors who comb Lanka's temples and villages and buy up these national treasures for a mere song. Our historical and cultural relics finally end up in the mansions of private art collectors or in cities like Paris which are famous markets for art and ethnographic objects from third-world countries. The systematic plunder of Lanka's antiques has been well described as "a deep wound in the living organic culture of our country."

Conclusion

Having considered various aspects of tourism's economic, social and cultural impact on Sri Lanka, it seems evident that the costs to our country outweigh the benefits. Many arguments put forward in favour of tourism by vested interests are, on analysis, of dubious validity. It must be admitted that one cannot make a truly objective evaluation of tourism since the costs and benefits of tourism in many spheres defy qualification and measurement. Nevertheless, one cannot ignore the signs and symptoms, the trends and portents that accompany the growth of tourism. It would be foolish not to learn a lesson from the experience of other countries.

For example, sex-tours, which include "female merchandise" in countries such as Taiwan, South Korea, Thailand and the Philippines have become a popular type of "package deal" offered to Japanese tourists. The sexual exploitation of Asian women is but one aspect of the larger economic exploitation of Asia by Japan. Large-scale, organised forms of prostitution catering to tourists have tarnished the image of certain Asian countries and created immense social problems, giving rise to a sense of grave concern and even resentment among the people. In 1973, the students of Ewha Women's University of South Korea held a demonstration at the Kimpo International Airport in Seoul, bearing placards stating "Stop prostitution tours that are turning our motherland into a brothel for Japanese men". The Ceylon Tourist

Board statistics show that Japan is fast becoming an important tour-generating country for Lanka. We should not let our eagerness for earning yen blind us to the moral havoc caused by Japanese tourists in other Asian countries. "The sexual invasion, prostitution tourism, is not only spread throughout Taiwan, Thailand, South Korea and the Philippines, but recently is also expanding into Nepal and *Sri Lanka* with an amazing speed."²⁰

Certain harmful effects of tourism are already evident in Sri Lanka. The warning signs for the future are clear and unmistakable. "Possibly the most serious charge that can be laid against tourism development over the last decade or so, is not that many countries seem to be selling their birthright, but that they are doing so for a mess of very inferior pottage" (Chris Stevens, *Ceylon Daily News*, 19.4.79). It is the duty of the government to regulate tourism on a well-planned basis so as to minimise its harmful impact on our people, our culture, our economy and our environment.

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Appendix I

Projection of Effect of Visitor Development on Foreign Exchange 1967 — 76.
(in US\$ 1000)

	Receipts (Gross) A	Foreign Exchange Excess (Net) B	$\frac{B}{A} \times 100\%$
1967	6,100	4,700	77
1968	8,300	5,100	61
1969	11,100	6,700	60
1970	13,700	8,400	61
1971	17,700	11,100	62
1972	22,900	14,800	65
1973	29,500	19,500	66
1974	43,800	30,500	70
1975	48,700	33,500	69
1976	62,600	44,200	71

Average net foreign exchange earnings for the decade, 68% of gross
(Source: Ceylong Tourism Plan, P. 246).

Appendix II

The sources of finance for capital formation in 51 tourist enterprises —
1977/78

(In Rs. '000s)

	Total Capital	Equity Capital			Loan Capital	%
		Share Capital	%	Reserves		
1. Hotel Sector	403,758	140,983	35	44,877	11	217,898 54
2. Travel agencies	25,972	7,725	30	4,897	19	13,350 51
TOTAL	429,730	148,708	35	49,774	11	231,248 54

(Source: M.A. Gamage, "Commercial Profitability of Tourism")